

**Proposed Titles:**

**CREEPING COMMUNISM - A REAL MENACE**

How Czechoslovakia, so far the only country with high living standards, was lost in a single week.

**COMMUNISM IN A HIGHLY DEVELOPED COUNTRY**

A Report on Czechoslovakia by JKH, merchant banker and economist, of Prague, as told to . . . .

**DOES A NATIONALIZED INDUSTRY BENEFIT THE WORKER?**

An Example from Czechoslovakia

**COMMUNIST HEAVEN ON EARTH - IN THEORY AND PRACTICE**  
(Theory and Practice as Seen in Czechoslovakia)

Draft of an article by DR. JOSEPH K. HASEK

1031 National Press Building, Washington, D. C.

(Quotations by permission only)

-1-

World Communism has two allies which are very seldom mentioned in current reports: the wishful thinking of well-to-do classes and political indifference of the average citizen in free democracies.

In pre-communist Czechoslovakia, in Western Europe, and in the United States - everywhere I hear the same and simple reasoning: "It can't happen here". Luckily enough, things have been changing for the better ever since the Korean aggression. Yet, back in 1949, even my close American friends used to call me an alarmist when I told them that our comfortable golf, television, and cocktail way of life could be shattered, that even this land of the free could be gripped by a system, tyrannically controlling our jobs, confiscating our savings, and policing our thoughts. They would look at me and say in all earnestness, "Yes, the Russians want to dominate the world, but we'll sure lick them if they go too far". Yes, we like to fool ourselves by wishful thinking that the present Russia is just another case of imperialism which will disintegrate just as others did. We like to forget that the driving force of this "imperialism" is not only the soldier's boot of old and modern dictators, but a devilish pseudo-religion acceptable and accepted by many nations without the presence of a single Russian soldier. We like to forget that our oceans nowadays give no more protection to our

-2-

citizens than a broad river in the first World War, and that it is officially accepted that out of one thousand enemy planes, only two or three hundred could be intercepted by our defense.

Way down underneath we are still sure that somehow, and without our actual cooperation and sacrifices, we will escape the disease which has enveloped half the earth's surface and today menaces all free nations. "Russia's satellites were victimized by communism", we think, "because they were too backward in the first place. They had large peasant classes, without benefit of education, poverty stricken, ripe for the Kremlin's steamroller. But not an advanced nation like the United States! Our scientific progress, superior productive capacity, high standard of living, will pull us through, no matter how late in the game we trot out into the field".

This theory is wrong. It happened in my country, and it happened to me. I was a prosperous, respected, Prague business man, and now I am an emigre, trying to fashion a new life in this great country of yours. And yet Czechoslovakia was - and I weep when I say "was" - in most ways every bit as advanced as the United States. You all know our machine and armament works "Skoda", the shoe factories of Bata, and you have probably heard about our efficient mines, steel mills, and numerous light industries, such as Czechoslovak glass, jewelry, etc. In science, trades, crafts, the accomplishments of our people were placing

-3-

our nation among the most advanced in the world. Smetana and Dverak, Czech composers, are well known to you, and a large number of Czech writers (Capek) have been translated into many foreign languages. There are almost no illiterates in Czechoslovakia, and every second town inhabitant speaks at least two languages. Our social legislation was a credit to efficient industrial management. Although our republic was only a quarter-century old, the tradition of the Czech state goes back over a thousand years. Our parliamentary system was an example of democracy at its highest, because the democratic concept was no new or recent development for the Czechs and Slovaks. It did not originate at Versailles. No, the Czech people have been oriented to the west for more than a thousand years. Six hundred years ago Charles University, in Prague, the oldest in Central Europe, was the intellectual center of the continent. In our country, the illustrious Thomas Garique Masaryk carried the torch of the democratic ideal and brought it to its most modern fruition in the Czechoslovak state. *among spelling*

In half a generation after the first World War we became the symbol of progress and enlightenment on the continent of Europe. Our people were hard-working, fun-loving, conscientious, determined, tough. Within my own lifetime, our old state was reborn and grew. My compatriots and I watched the travail and splendor of its development, and loved our country more because we shared in her early growth. And always we turned our faces toward America for inspiration and examples. We were also, as

-4-

you might remember, the only European country except Finland which kept on repaying its debt to the United States until the occupation by Hitler.

Like the United States, Czechoslovakia had a well developed rural and business class. In a way I belong to both, being a member of a Prague business family owning farm land in South Bohemia. My father, a merchant banker and industrialist, long before World War II had been President of the Bankers' Association, the Prague Stock Exchange, Vice-President of the Chamber of Commerce, and financial adviser to the political party of the late President Benes. In 1942 my father was executed by the Nazis for his unshakeable faith in the final victory of the Allies.

It is very natural and simple to rationalize the misfortunes of others and to ignore approaching danger. So it was with us in 1945. We saw communism coming on the east, north, and south, but deep in our hearts we "knew" it couldn't happen in one of the most civilized nations in Central Europe. Our faith in Masaryk's principles, in the support of the West, and even in the basic patriotism of some communist politicians, lent substance to this belief. The events of February 1948 showed how wrong we were, for, without serious bloodshed, without a genuine popular uprising, the communists took over our country almost overnight.

Late in 1947 I left Prague for a semi-official trip to the United States. Remaining in Prague were my wife - who was trying to finish work on her degree at Charles University, work

-5-

which had been interrupted by the closing of all Czech universities by the Nazis in 1939 - and our two children, who lived in the old family home overlooking residential Bubenee and historic Hradcany Castle in Prague. Also I left behind my mother, a resolute woman, who, since my father's execution, devoted her life to the comfort of her grandchildren, and had, since the end of the war, managed our farm once confiscated by the Nazis.

I had traveled a great deal before on business and official trips, and it was with but faint concern as to the recent communistic tactics and with a relatively free mind that I left home on that cold day of December 27th, expecting to return to my contented life in less than three months. Instead, the events of one fateful week in February 1948 prevented me from returning home without bringing serious danger to my family, my friends, and myself. Once again, in her turbulent history, Czechoslovakia became a symbol of conscience for the free world, a victim of incorrect political evaluations, and of a second aggression within a single decade. And - we hope - again an indigestible bite for her unworthy masters.

You may ask me why Americans should be interested, among present world shaking events, in the fate of this small country. Because Czechoslovakia is the first communist state which, by virtue of its industrial and agricultural development, is comparable to the United States; because the Czechoslovak crisis definitely contradicts the facile reasoning that only less

-6-

developed countries are likely to succumb to communism; because the Czechoslovak case explains the present strong communistic position in Western Europe and other democratic countries; because it demonstrates the acuteness of danger which these countries are facing and which would be followed by a disastrous isolation of the United States island of freedom.

The fact is that my American friends are becoming xxxxxx more and more interested in the background of this "different" case of Czechoslovakia, and especially in the following questions which I have been asked over and over again:

1. How does communism penetrate into a highly developed country?
2. By what technique is the seizure of controlling power completed?
3. Why does the communist regime not live up to its promises of crisis proof economy and ever increasing standards of living?

When thinking about the first question, I often recall an evening I spent at a Prague theater in the summer of 1945. It was a Russian play - "The Iron Brook" - a description of the progress of revolution in Russia. The first act depicted the idyllic life in the countryside, happy families, children playing in the grass. Then came the announcement of revolution in a neighboring district. Wounded fighters appeared on the scene, and the village was devastated by troops. Later, one saw the same children of the first act lying



-7-

dead in the ruins of their homes. Telephone and electric wires down. Chaos everywhere. The final scene - one of utter devastation, with a Red soldier proclaiming solemnly the revolution of the proletariat.

On my way home I told my friends, "Whatever the playwright had in mind, his play proves to me that a communist revolution can never succeed in a well balanced and organized country. The first requisite is upheaval and disorganization. Only then - when the people have lost hope in a normal future and the belief in decent lives under the old system - will a sufficient number listen to the voices of communist agitators. Only then is it possible to preach successfully the gospel of hate and class struggle. Let us hope that there will be no more fighting or uprisings and that we will soon restore order in our own country just as we did after the first World War".

Here you have an example of my own wishful thinking. I was wrong, because, to reach their goal, the communists do not necessarily need a war or a cruel revolution. True, it is the quickest way, but a communist has time. He has far superior tactics than the dictators whom we saw rising and declining in our lifetime: "Never miss any opportunity to hit hard on a weak spot - but never get dizzy with success, <sup>and</sup> even retreat when it serves to preserve the power and leads to final victory".

In Czechoslovakia, the basic conditions for communism were developed gradually, and this trend started as early as several decades ago. Contrary to the United States (but like the European democracies),



-8-

we then had communists in the Congress (Parliament), but this - in the multi-partite system of Czechoslovak politics - was of relatively small importance. Important at that stage - and important today in all countries - are people whom we used to call "salon"communists, and whom you term "parlor pinks" and "fellow travelers". Just as you are now, also our average citizens were ridiculing their "sermons"; but these people knew well what they were doing. In society, at universities, in the press and governmental agencies, they were carefully spreading the diabolic theories describing communism as brotherhood of mankind and the peak of happiness on this earth.

Without being aware of it, more and more people, under these slogans of social justice and class consciousness, were becoming, if not partisans, then at least indifferent to a possible communist participation in the government as a "healthy corrective" of the old-time capitalism. Simultaneously with these white collar agents, many ruthless specially trained demagogues were intoxicating the workers. On the other side, some over-conservative groups were playing into the hands of these agitators by their opposition to any natural social progress, talking it away as communism or socialism and not knowing exactly what these words really meant. In between these political extremes the strong and well-to-do middle class went about its daily business, paying little attention to these follies of the political periphery. They continued to give their votes to realistic, middle-of-the road politicians, who maintained the high prosperity and stability of Czechoslovakia through

Approved For Release 2006/11/13 : CIA-RDP80-01065A000600020115-3

-9-

You have these subversive agents among yourselves in the same institutions and with the same aims and same "special assignments" for the "coup". And I do not tell you any secret either, because recent investigations and disclosed activities of your own under-cover agents have proven even more serious communistic infiltration in this country than I had believed in. True, general conditions in your country are very adverse to the seeds of communism, but if you do not fight it bitterly now, far better conditions may develop in your lifetime. We banned communist Gottwald twenty-five years ago, just as you recently expelled communist Eisler - only one year after Mr. Gottwald became president of my oppressed country. Since 1939, world communism has conquered four and a half million square miles and six hundred million people. It may like to rest, before extending its hand for the most valuable spoils. Beware, however, of misinterpreting its pacifism and of accepting any truce without very substantial guarantees. Do not forget the advantage of communists who operate in your country under the mild democratic laws, whereas the advocates of our own principles either never get to the communist countries at all or are jailed, expelled, or liquidated, in short order.

The weak spot in my country's resistance came after the war. The nation was disorganized after six cruel years of Nazi tyranny, and the formerly free-minded people were badly confused as to what was more patriotic - whether to follow the leadership of Russia (which, incidentally, never in the past interfered with the

-10-

Czechoslovak state), or to come back to the West and forget what happened at Munich. Well informed people of all classes knew, of course, exactly the correct choice - but how many were well informed? For six years the nation had been fed by anti-capitalist and anti-western propaganda, and the average citizen was demoralized and made weary by the indirect effects of war, the sufferings in concentration camps, and enforced labor in bombarded German cities, by constant fear of the Gestapo, and by the actual fighting in Czechoslovakia in the last phases of the war. The resulting state of mind was well characterized in a recent book by the Russian exile Gaito Gazdanov in his following confession:

"My own experience had taught me that after the war the normal human conceptions of the value of human life and of other basic moral laws not to kill, not to rob, not to rape, and to be kind - - were restored in me very slowly; even after they had returned, they lacked their former conviction and were only a theoretical system of morals with the relative justice and necessity of which I could not disagree."

This is in part what made our <sup>naturally/</sup>kind and cheerful population selfish and eager for momentous benefits. This is what made many workers believe that our nationalization was different from robbery. This is what made small manufacturers speak of "necessity" when their larger colleagues were ruined by nationalization. And this

-11-

is what made even a few political leaders indifferent when they saw some of their democratic fellows in jail and the communists taking their places. In addition, the middle class - the backbone of political stability in democracies - was seriously weakened by Nazi persecution and inflation, and the working class confused by Nazi anti-western propaganda, and by the fake promises of the new regime and of the communistic fifth column. Workers were told that they would have no more wage disputes, because they would own the factories themselves. They were not told that every industry has good and bad years, that it takes providence as well as good management to safeguard their employment for future years.

Finally, the former leading class was also completely out of balance. By this class I mean the marvelous strata of high-grade individuals which develops in every true democracy being constantly fed by newcomers from all classes and nurturing for the nation its best advisers and executives. Many members of this group were to die in Nazi concentration camps (often by machinations of imprisoned communists) or were executed without trials; others were blackmailed after the war by fake collaborationist trials.

In 1945, the coherent chain of these honest and democratic individuals was thus torn on many places. The communists, backed by Moscow, moved smartly into this vacuum and replaced the missing links in a way which made a close cooperation between the remaining parts impossible. So, the communists achieved the first

~~-12-~~

chapter of aggression in my country, in spite of its high standards of education and civilization . . . just by gradual intoxication of minds, disintegration of political and economic life, confusion of ideas, and by grabbing of partial political powers in the government. The second phase - the struggle for controlling power - was in the offing.\*

In this struggle for controlling power, the communists have used some methods specifically molded to Czechoslovakia's situation and others adaptable in all well organized democratic countries.

The first - specifically Czechoslovak - approach was simple. "The true friends of Czechoslovakia are the Russians and the Prague affiliate of Russia is the communist party. This was proven before the war by the sell-out at Munich, against which only Russia protested, and now again by the fact that the American Army, standing only fifty miles from Prague did not help the Czechs in May 1945 in their uprising, whereas the Russian Army did. Americans, instead of protecting you against the expelled Germans, are leaving Europe with only a small police force left in Germany, showing their disinterest as they did after the first World War. Their capitalistic leaders will sooner or later seek friendship with Germany and help it in re-arming and fighting you again. In Teheran and Yalta, Americans agreed that Czechoslovakia will stay in the Russian orbit - so better hurry to become a member of the communist party which alone has the power to give you the benefits of Big Stalin's protection. His hundred divisions stay on your eastern border to protect you against the Germans whom you rightly kicked out of your country,

-13-

but who, of course, are striving for revenge and will be getting support from the Americans."

It is obvious that these skillful misinterpretations were not believed generally. Yet, with the absolute lack of contrary authoritative statements by westerners, they resulted in the increase of pro-communist sympathizers and in an important rise of communist votes in the 1946 elections.

The second group of power creating methods deserves a more detailed analysis, because they are not typically Czechoslovak. They are methods by which the communists are likely to work in every democracy from the moment they have obtained even a small influence in public affairs. In Czechoslovakia it developed roughly in the following way:

(a) Struggle for obtaining such seats in the government as were important for influencing the man in the street - Interior (police), Information (press and radio), Agriculture (allocation of machinery, price supports), etc.

(b) Confusion and intimidation of the industrial and agricultural workers, small farmers, and low paid white collar employees. Party trustees, backed by the communist Secretary of the Interior, were established in each block to report to local Party committees how all inhabitants in their area behaved, and to spread the belief that communist revolution was inevitable and that all reactionaries in their block would then be liquidated.

-14-

(c) Demagogic promises to industrial workers and rural population of "something for nothing" by communist members of the government and their agents all over the country.

(d) Demagogic publicity for nationalization - calling it ownership by workers instead of ownership by capitalists.

(e) Continuous weakening of the formerly mentioned strata of prominent citizens by fake collaborationist trials, nationalization, discrimination in allocations of industrial materials, farm implements, etc.

(f) Disruption of the middle class by nationalization with indefinitely postponed indemnification, by monetary reform, politically measured capital levies, etc.

(g) Creation of public opinion hostile to "reactionaries", then calling reactionary and enemy of the working class everyone who was not sold on the communistic plan. As a result, with elections nearing, the non-communist parties had to yield to many demagogic requests of the communistic members of the government, fearing that otherwise they would be branded as reactionaries and lose votes at the polls.

(h) After partial nationalization, blaming the unsuccessful operations of the nationalized industries on the reactionary private industries and non-communist members of the government. Calling for new nationalizations. "Preventing sabotage" in business by forcing the government to establish (even in the smallest private enterprises) trustees of a United Labor Union,



-15-

who were entitled to control the management in all decisions, whether concerning labor relations or not.

(i) Gradual occupation of all important positions in the United Labor Union, thus creating an invaluable political pressure group with leaders responsible only to the Party.

(j) With the help of the enslaved labor leaders, factory militia were established in all major industries to "protect" the interests of the working people and the factories against saboteurs.

(k) Creating of fifth columns within other political parties. Promising high jobs to people in these parties who, due to their own incompetence or youth, were denied high-ranking positions. The same procedure in governmental agencies, police, and army. (It was astonishing how many mediocre party officials and civil servants, when told in a proper way, started to believe in their own excellency and in the unjust treatment by the present regime).

(l) Provoking of governmental crises and, within a few days, leaving only two alternatives: "Truly socialistic" government or a civil war. Some democratic and peace loving political leaders hesitated to risk bloodshed, and in the meantime, while the crisis in government continued, the communists, with the support of the above mentioned fifth columns, and of the militia, and "spontaneous" peasant demonstrators, occupied the headquarters of non-communist political parties, arrested or detained some members of the Parliament, intimidated others, transformed fifth columns into "action

-16-

committees", and finally gained control over all vital positions in the country.

No war, no revolution, prosperous economy, rising standards of living, - - and in one week it was all over.

This brings me to the third proposed question/- <sup>(3), pp. 6/</sup> the fulfillment of "heaven on earth" by a firmly established communist regime, the question whether there is, after all, not something good in communism, whether the worker and average white collar employee does not actually profit when, instead of by the "rotten capitalists", he is employed by a government employer whom he, himself, has "selected". I believe that all impartial reports from abroad have already proven to the American people that the answer is "No". And it was repeatedly proven to me by facts mostly experienced by myself, my family, or brought to my attention by irrefutable sources from the present Czechoslovak movement. The explanation is quite simple. As long as the communists were in opposition (although officially participating in the government of so-called National Front), they had an easy position with no real responsibility. They acted as leaders of wildcat strikers in your industries, pushing forward unreasonable and unrealistic demands, with no regard for whether their fulfillment would ruin the enterprise or not. At this stage they stood for free elections, knowing that the votes come from the people to whom they promised something for nothing, "if only other parties would agree".

-17-

Once they have realized that the population is awakening from the confusion, and that they may start losing votes in spite of these demagogic promises, they picked the right moment and grabbed the power by violence. At this very instant the situation has changed. They were in charge themselves and they had to "perform". Elections were no more important, voters became an uninteresting component in the further drive. Theirs was only a tragic-comic role of voting yes or no - the no meaning loss of job, persecution, etc. Mind you, -- loss of job in a state which you cannot leave except by secret flight, and where there is no other employer to give you bread for you and your family, since the only boss is the state itself.

The revolution thus proved, in the first place, a betrayal of the working class. Yes, a betrayal, not a measure of necessity. Because, only two days after the seizure of power, the following, beforehand prepared order, was issued on February 27, 1948, by Mr. L. Frejka to the nation-wide meeting of "economic trustees" of the Party:

"The fact that we communists are connected with the masses -- does not mean that we succumb to all, even wrong ideas of the masses . . . . .

We have to combine Russian enthusiasm with American efficiency" etc.

This appeal was followed by gradual and compulsory increase of the number of working hours, by enervating and exhausting system of

-18-

stachanovism and by exaggerated work norms. The obvious consequence was a considerable decrease of real wages. However, the intelligent Czechoslovak worker did not bow as readily as expected. The pipe line between "his" government and "his" United Labor Union was too obvious. He simply did not trust a boss who one day preached social justice and reforms and appeared the next day as the worst slave driver.

This attitude of the labor forced even Prime Minister Zapotocky, who headed both the Government and the United Labor Union, to abdicate from the Union. In his farewell address, he, nevertheless, left the following clear-cut legacy to his successor:

"A realistic approach to the position of trade unions in the factories does not permit the trade union councils to participate in the management of the factories, to talk and order whenever they like. In the first stage we have introduced a ten percent participation of the workers on the net income of the factory. This we had to abandon and centralize in one fund . . . If we promote a worker to the manager of the factory, we want him to be more efficient than his predecessor specialist. We cannot promote a worker to manager only because he is a worker, etc." Thus, he deprived the workers in one speech of the three major demagogic demands, by which he was gaining their votes in the period of mixed government.

-19-

No wonder that the deceived workers are getting in ever-stronger opposition to the new almighty "employer" in spite of the official ban on strikes and the fear of drastic punishments for disobedience. Actions like the following (reported by FCI, London) are therefore now more frequent, although they count little against the ruthless power of the new factory "owners":

"On June 23, 1950, during the luncheon hour in the largest machine factory in Prague, a representative of the United Trade Unions tried to explain to the workers the "moral basis" of the suggested further decrease of wages by 5% to 10%. He was dragged from the hall to the factory yard by angry workers, and, next day, June 24, the bridge construction department stopped work. Within thirty minutes the strike had spread into most sections of the factory, and even to its mills outside Prague. Workers assembled in the yards tried to walk through the city in a crowd which soon amounted to several thousand participants. Even a large group of the 'loyal' factory militia joined the demonstration which was dispersed only later by strong police and military forces."

A mass revolt is, of course, under present conditions impossible, because the workers are concentrated in small areas and therefore relatively well under control. They are being gradually transformed into a living machinery, with no individuality whatsoever. Thus,

-20-

they and other groups of employees are being deprived of all freedom and are losing all the advantages which their labor unions have painfully acquired under the system of collective bargaining in pre-war Czechoslovakia. Instead of many employers who were controlled by a truly democratic government, freely criticized and successfully fought by the labor unions, they now have only one boss - the almighty State. This boss is controlled by nobody; neither by the government, because this is he, himself, nor by the labor union, because he can fire its head whenever he likes. He is, of course, anxious to avoid any trouble, but for this again his skillful propaganda machine works at full speed to make the workers believe that their troubles are only temporary, and that they will have everything just as soon as the capitalistic world goes under. In reality, all workers and employees are subject to much more rigid rules than they were ever before. Even the entertainments are being forced upon them in the form of compulsory "parties", restriction follows restriction, and the choice of profession and of the place of employment become increasingly difficult -- a real heaven on earth and something for which an American worker should certainly be striving.

Besides the enslaved, but wary, workers, there remain, however, in Czechoslovakia other efficient enemies who were not liquidated by the Revolution; the intelligent and honest section of the middle class, students, former industrialists, and individual farmers. They are spread all over the country, not organized, and therefore difficult to enslave by one stroke, and to prevent from spreading true

-21-

information and correct analysis among the misled and misinformed population. The communists certainly could have just confiscated all their remaining property -- but this may have upset their international propaganda which makes people believe that everything is done "according to law". Besides, there is something more terrible than death or immediate annihilation - so the communists condemned these people to slow dying; besides, this <sup>was</sup> also so much more fun, and so many party officials <sup>could</sup> make a little money here and there during this "process". Some people were thus liquidated by twisting the existing laws; for other groups, new laws were "unanimously" voted by the new congress. Everything in truly democratic fashion.

My own case was one of the more complicated ones. Since I was known as a fervent opponent of communistic methods, an exemplary political trial was secretly prepared against me. For this reason, the top communists wanted me to return from my trip to the United States. Fortunately, their actions were badly coordinated. The first night after the coup, six secret police agents entered my home and searched it from top to bottom. The same night, after midnight, they awakened my general manager and forced him to accompany them to the Bank and to assist in a further search. ~~While they were examining my files, they undoubtedly managed to insert incriminating material, as had happened in other instances. While these police measures, were taking place, I received, in New York, a "love letter" from the Commissars appointed to all my firms. They assured me that they exercised their function merely to protect my property, and that they hoped I would continue to devote all of my activities to further development of my firms. The Commissars were probably acting under~~ <sup>While they were examining my files, they undoubtedly managed to insert incriminating material, as had happened in other instances. In complete contradiction to, while these police measures, were taking place, I received, in New York, a "love letter" from the Commissars appointed to all my firms. They assured me that they exercised their function merely to protect my property, and that they hoped I would continue to devote all of my activities to further development of my firms. The Commissars were probably acting under</sup>



-22-

instructions of the Ministry of Foreign Trade, from which I also received a comforting (?) letter inviting me to Prague for consultation concerning my representation of Czechoslovak industries in the United States. Advices reaching me from my friends in Switzerland and Belgium were "slightly" different; <sup>they</sup> ~~the advices~~ were very explicit as to the passionate desire of the communists to "bring me back alive"! In fact I was listed AOE (Arrest on Arrival) in the secret records of the Department of the Interior.

Once it became obvious that the communists could not expect the pleasure of my company, the Party expressed to the Administrators (Commissars) of my property a "wish" for the liquidation of all my companies and the black-listing of my name. This happened on the following pattern: (A) Complete disintegration of my holdings by separation of all subsidiaries from the Banking firm; (B) Increase of my capital levy by several hundred percent (the original levy being about 30% - the new levy amounted, of course, to more than my entire property); (C) Confiscation or nationalization of the assets of my Bank, such as the shares of companies subsequently nationalized, and deposits of Czechoslovak Diplomats who resigned abroad after the coup.

This was all they needed. The Bank, being a family undertaking, its financial position depended greatly on the liquidity of the owner. With my personal property confiscated, and other assets nationalized, the Party asked the administrators to declare my Bank bankrupt, and to give due publicity to its mis-management by a representative of the Capitalistic enemy of the people. This was too much, even for my all-out communist administrators. ~~They studied all records and~~ <sup>Approved For Release 2006/11/13 : CIA-RDP80-01065A000600020115-3</sup> found the request impossible. They would follow it only, so they

-23-

said, upon direct orders from their boss, the Treasury. Even the communist Treasury refused, and limited itself to telephoned orders.

At this stage, my mother, with the audacity of a person having nothing to lose, pierced her way to the Treasury and was finally "received" by Dr. Zuzka, Assistant to the Under Secretary in charge of Banking. Although the Treasury was informed exactly about the case, my mother then had to explain at length everything all over again. She told the man that the administrators of the Bank were of the opinion that the proposed procedure was unlawful and that she, therefore, had come to discuss it with the Treasury. The officer, not denying that the procedure was illegal, shouted at her, "What do you mean, anyhow? Do you think we are here to protect the rotten capitalists? Do you think the old Republic still exists? Then you are mistaken, because it does not and it will never return. The Bank has to disappear and so have you from your farm, no matter how".

Then my mother asked him to study the act and see for himself how wrong the request was. She told him I was on an official trip in the United States, and that it would, of course, be difficult for me to return if I saw an unlawful liquidation of my property. At this moment, the officer changed his attitude completely, and said: "Oh, you mean he wants to return? That's something quite different. We need people like him and if he comes we will be very happy to discuss with him everything pertinent to an indemnification for his nationalized property."

-24-

Soon afterwards the Party stepped in with all its weight, and the liquidation was ordered from the highest political levels - nothing in writing, by telephone only. Whereupon the Czechoslovak Embassies were instructed to handicap, by false information, my attempts to acquire abroad a position justified by my past career and experience.

(INSERT)

My family followed soon after. Hours  
At home the communists removed even my father's commemorative plaque. It had been placed in 1946 in the executive offices of the largest Czechoslovak printing and publishing company (Melantrich), of which he was shareholder and Vice Chairman until his tragic death.

(INSERT)

stay overnight, but the police agency...  
thing from being removed. The order was executed early in the morning, whereby only two suitcases of personal effects per adult were allowed. All home furnishings and other family belongings, accumulated over several generations, remained in the house to be assigned to the Under-Secretary General of the Communist Party, Dr. Frank. In this emergency, eight members of the family were obliged to move into a two-room apartment of my relatives, where they all had to live for some time under conditions which you can well imagine. Fortunately, their plans for illegal exodus materialized soon after, and they all escaped over the mountains early in the spring of 1949.

In agriculture, the situation was similar. Larger farms could not be liquidated at once, for this would have disorganized the supply of farm products. Who could, however, protest against a

-25-

governmental decision by which landowners of more than fifty acres would get much lower prices than small farmers? Or why could not paid agents indict and testify against these landowners (Kulaks) that they did not fulfill the prescribed deliveries? All this happened on our own farm and on many others. We had recuperated our land after the defeat of the Nazis who took it "under custody" in 1939 and confiscated it in 1942 after the execution of my father. In 1945 we found, instead of a herd of pure bred "Simmentalers", only six tubercular cows, and devastated fields. All our neighbors who joined the communist party, or had less land than fifty acres, got every possible subsidy from the communist Secretary of Agriculture. On our own farm, in spite of the fact that we were most tragically persecuted during the Nazi occupation, we had to invest our own money, around \$50,000 -- or else get a special administrator from the communist Department of Agriculture to "run the farm for us". Yes -- we were not important as voters. It was the small farmer who had to believe for some time that the communist Secretary of Agriculture was his best friend.

Right after the seizure of power by the communists this process continued with ever-increasing intensity. A man who worked at our farm and was, as you would say, a devoted steward, turned into a communist agent. He testified falsely in accusations against my mother; produced at Party headquarters complete lists of the Ambassadors and Czechoslovak politicians visiting our farm; and was

-26-

probably to become one of the most prominent witnesses in a high treason trial, by which I was supposed to be liquidated after my return.

In this way the opponents of the regime, one after another, as individuals or in groups, were either bankrupt, jailed, or forced to subordinate their free will to the Almighty State.

One of the most dangerous professional groups were, of course, the attorneys. They meet many people and work in various fields. So the Bar, right after the coup, obtained new communist management which cancelled all previously issued admissions. All attorneys had to apply anew. Together with the application for membership, they got another application -- for membership in the communist party.

Attorneys, factory owners, non-communist managers, etc., who lost their jobs were naturally considered unreliable elements in the management of nationalized industry. Being out of jobs, they walked around and talked. So, they became a very annoying element to the communist propaganda machine. They still had some savings, could sell their "hidden jewels" and other property - although at low prices, because the average citizen had just enough to live on and the leading communists need not buy - they get homes and furnishings "assigned", and jewels as bribes. It was too difficult to liquidate this groups en masse. Some of these were therefore "caught" and imprisoned for disloyalty to the "people's will" for as much as twenty years. A few were executed, just to intimidate the others.

-27-

And finally they were subjected to various "legal procedures". One of these procedures was a new price policy. The state, in a communist regime, sells everything itself. It seizes your "Safeways", "A. & P. Stores", department stores, etc., and through them sells food and other necessities of life at discriminating prices. He who works gets his ration, although meager, at a relatively low price. People forced out of jobs for political reasons (as the above mentioned groups), have to pay for the same item five, ten, or twenty times as much. They cannot last long and they will have to accept the communist management of their bodies and souls.

This at least is what the communists, underestimating the resilience of the freedom-loving Czechoslovak middle class, hoped would happen.

Another "legal" way to liquidate these groups is the introduction of labor camps, established by the Labor Acts of July 21, 1948 and October 25, 1948. Assignments to the camps can be made by regional departments of the Labor Agency, or in an administrative criminal proceeding by special commissions of the regional National Committees, composed of laymen. Members of these committees are sometimes former common criminals who, during or after the war, have joined the communist party and are now enjoying its protection. Even the Prague Archbishop Beran was sentenced in March 1951 by such an unworthy kangaroo court.

The sentences pronounced by these commissions usually read as follows: "Because you are a person endangering the building up of the democratic system", or "Because you are the enemy of socialism",

-28-

or, "Because of your negative attitude to the people's republic", etc. You would say an unconstitutional procedure? Of course not. Every "campist" has the "right of appeal". Yet it so happens that no decision is made for at least three months, and in the meantime the campist has to work in the camp "pending the decision". If he happens to be in the camp during local or general elections, he, of course, cannot vote. Attorneys are afraid to take his case because of possible expulsion from the Bar, and his friends cannot intervene because an administrative order says, "that intervention on behalf of the campist will be followed by enlistment of the intervening party in the camp".

The people in the camps are, of course, not paid a regular salary and are thus the cheapest slave labor that the government can obtain. Besides, they are used for the most difficult and dangerous jobs - sent to badly equipped coal mines, and ordered to work in uranium mines at Jachymov and Pribram without satisfactory protective clothing. It is estimated almost ten percent of the nation's labor force (well over 300,000 people) is thus slaving for the new boss practically without pay.

The freedom to choose living quarters is also being constantly violated. The Apartments Act was enacted only two months after the revolution (April 28, 1948) and authorizes the local National Committees (composed of proven communists only) to evict tenants from their apartments if they are "politically unreliable" or if their



-29-

apartment is "excessive". In a medium-sized city, Brno in Moravia, over 3,000 apartments have thus been evacuated in the first six months after the publication of the law.

You may contend that some of my statements about living conditions in Czechoslovakia contradict the rosy statistics about higher production, rising standards of living, and long leaves, which are now being so widely publicized by the present Czechoslovak regime. To this, I would like to add the following observations:

Every dictatorial regime has always produced glorious statistics, tailored to the order of the man on top. But even if we should admit reluctantly that the published percentages are correct, they still do not prove the claimed progress. Most of these statistics operate in comparative numbers only, leaving to your imagination the initial absolute figures, or dropping out of the picture the currency depreciation, shifting of production, etc.

An excellent proof of what lies behind these doctored statistics are the actual living conditions into which they should be projected. And, since you may say that even direct underground reports are tenuous, I am quoting, on the following reports, the communists themselves from their daily paper RUDE PRAVO, or "RUDE PAPER" as we used to call it with my American and British friends. There you will learn that the workers have to work on Saturday, and often more than eight hours a day. This overtime work does not come into the statistics, because it is officially non-existent. These are hours in

-30-

which the workers have to fulfill their norms, which they failed to accomplish in the official time scheduled; norms, which have been set so high that an average worker simply cannot meet them. You also learn from the press about other non-listed hours. There is rarely a Sunday on which one has not to work somewhere, in the field or on public works, "for the common interest of socialism".

Leaves are in fact longer than they were before the war. Beware, however, not to spend at least two-thirds of them on a "voluntary brigade" at the kolchoz farms or in some other fully relaxing way.

In the RUDE PRAVO of August 5, 1950, an article described poor shipments from a large chemical plant whose bottles were delivered to the druggist empty or half-empty. Such reports encroach into the daily press every week. On August 11, 1950, a report mentioned a woman anxious to buy for her child a popular simple toy - "sorry, in the future this type of toy will be sold only to the children of stachanovists (workers who have performed above the norm)", was the answer.

It goes without saying, that six years after the war there are again ration coupons, even on bread, potatoes, clothing, and shoes. Whereas in 1945, thanks to UNRA, most of the war rations were abolished, and the free supply then maintained by the favorable development of Czechoslovak economy, all rations have been re-introduced shortly after the communists took over. According to RUDE PRAVO of July 27, 1951, the following rations are now in effect: for a period of four

-31-

weeks - eighteen ounces of butter, twelve ounces of flour, nineteen ounces of margarine, two and a quarter pounds of meat, three pounds of sugar, etc. Yes! four and a half ounces of butter and three ounces of lard for a whole week!

You can get additional supply from the Government's free (or better expressed, "black") market: an egg for twenty cents, tea for \$15 a pound, rice, \$1.50 a pound, etc. For some time people were permitted to receive at least food and clothing as gifts from abroad. Even this has now been changed because all such gifts are subject to exorbitant duty. One pair of nylons, for example, is taxed \$15 or more.

The super-planners of the communist government experience, of course, repeated set-backs, because they are, as you will agree, many things which one cannot just plan. One of them is obviously the weather, which is apparent from a report in RUDE PRAVO of July 14, 1951. It complains that heavy rains around July 1st have raised the production of vegetables, which could not be absorbed and perished in the government warehouses in Prague and other cities. At the same time, RUDE PRAVO reports recreation places around Prague were as long as fourteen days without vegetables, fruit, and potatoes.

This is, incidentally, only one of the many examples of the communistic mis-management in the agriculture. All products, even perishable, have to go through bureaucratic system of distribution. The private initiative of the remaining individual farmers is

-32-

abolished, and many of them are driven into despair by discriminating decrees, false accusations, and other incredible hardships.

Only by this desperate situation of these farmers can we explain recent tragic incidents, such as one reported by RUDE PRAVO of July 6, 1951: "On July 2nd four members of the national committee of Babice were discussing the problems of their comrades in the village. At ten-thirty P.M., two armed persons entered the room and forced the conferees into the corridor, where they shot to death the president of the national committee and three other members." Other communist sources have later announced that the murder was committed under direct instructions of imperialistic agents in Germany. In the following "People's Trial", seven of the accused were condemned to death, among them farmers from Babice and two Catholic priests. Thus far have things gone in Czechoslovakia, a country where, before the war, murder cases and death sentences among its thirteen million inhabitants did not average more than a very few a year.

This is where the communist regime has brought the natural moral strength and resistance of this kind and peaceful people. To make things even worse, a special decree was issued in the summer of 1951 whereby the Secretary of Interior pledged absolute anonymity to people who, in writing, by person, or by telephone, will denounce all acts of sabotage of socialism. You can easily imagine in how many more false accusations and unjust trials this decree will result.

-33-

Even the religious freedom in present <sup>-day/</sup>Czechoslovakia is granted only on paper. However, the regime, fearing to ban religion completely, has made a much smarter move. It left to the large church-going element in the population its churches and priests, but assumed complete control of religious matters. Behavior and sermons of the priests are regulated by direct instructions of the newly organized Ministry of Religious Affairs. Many priests, including the formerly mentioned Archbishop Beran, have shown a superhuman resistance to this terror, but the choice between a good salary and labor camps, between staying in the community or losing contact with the communicants, has driven a great number of them into enslavement.

An excellent source of information about actual conditions of life in Czechoslovakia are also letters to the editor and advertisements in the daily press. They prove an absolute chaos in the nationalized distribution and complete lack of things which we always considered the most primitive necessities of life. A man from a district town had to write to a Prague paper to learn about the only store in Prague selling wall thermometers. Complaints from people having to stand for hours in lines to get their meager ration are also frequent. The advertisements on the other hand disclose some fantastic prices paid for used effects. A woman offers for sale sheets at \$20.00 each; suede shoes are being offered at \$36.00; and a small 1938 car at \$3,000.00. Compare these items with the pay check

-34-

of the Czechoslovak worker: average, \$80.00 per month, and, in the labor camps, 8¢ per hour.

Taking thus into consideration the continuous violation of basic human rights, and the poor results achieved by the communist economic machinery, I can only reiterate my previous statement that the communists definitely did not live up to the promises given to our confused population, especially to the working class. The three years of Czechoslovak all-communist state demonstrate that a system of enslaved labor, state controlled trade unions, and superplanned nationalized economy, can have only a specious kind of success, precariously based on a sellers' market with discriminating prices. They demonstrate that communist Czechoslovakia can never reach the pre-war standard of living characterized by a variety of consumer goods offered in unlimited quantities at accessible prices. They prove that no communist country in this world can give to the working class the advantages which it has in a system of collective bargaining between the workers and management, with the government interfering only in the most difficult disputes. Where management and government, as it is in a communist state, become one and the same body, there is no more bargaining, and labor is enslaved. Today, according to every report coming from the Czechoslovak underground, her people work longer and harder than ever before for fewer consumers goods. What a travesty of the communist promises that the

-35-

workingman would give only 80% of his time for the same real income! This was, believe it or not, based on the demagogic pre-election reasoning that the remaining forty percent were being eaten away by the bad capitalists. Those who in 1946 and 1947 believed these preachings of communist agitators are being rudely awakened from their comfortable dreams.

Yet it is too late now to claim that 90% of the Czechoslovaks are against the regime, and to ask why they do not rise up and toss off the yoke. The answer is that the era of successful counter-revolutions in highly organized countries is gone. In 1850 it was achieved by a few thousand hidden rifles, but where, in a modern police state, could enough armored cars, planes, and material be cached? Speaking realistically, even a global war or Russian collapse are a remote comfort to proffer to the oppressed majority of democratic Czechs and Slovaks. Spiritually and economically, they belong to the western democracies and turn their faces to the West for faith to resist. Many honest individuals (including those fraudulently seduced by the Party and now disillusioned) stand ready to use arms which they hold officially when the moment comes to engage their true enemy.

You may ask me here: "But when will come that moment?" "Shall we go to war because of these horrible things happening in small Czechoslovakia?" "And what then?" My answer is this: We seem to recognize at this fatal time of our history only a limited problem:



-36-

"Will there be war with Russia; will Stalin march; or shall we appease him and forget him and his satellites until they disintegrate?" In my opinion, the problem lies elsewhere. Stalin will, of course, fight if we make him do it, but, unlike Hitler or other dictators, he does not need to see us defeated in his lifetime. Creeping world communism, not Russia or Stalin, is our arch enemy. It is this diabolic philosophy of statism, invented in the nineteenth century by Engels and Marx and exported by the Kaiser in a sealed wagon to Russia in 1917; and I sometimes wonder whether we are fighting this enemy in the right way.

We are so busy with our everyday lives, our time is so fully consumed by work and entertainment, that we succumb to the comforting belief that this is all quite natural, and that our democracy is something self-preserving without our cooperation and sacrifices. We read with enthusiasm and relief stories by reporters and university professors, selling to us the idea that Russia is just another empire and that it is written in the wise books of history all such empires must disintegrate and perish. They do not tell us that this is a different type of imperialism - an imperialism driven by simple slogans accepted by the other people just as well as by the Russians themselves. They do not tell us that even the past Empires have often lasted for many centuries (Rome) and that - on the other hand - old democratic Empires sometimes disintegrate, the greatest example of which we witness in our day.

-37-

We are living in a pleasant dream - that all this is just a very remote horrible fairy tale, and that the dragon is so far away, and so inefficient, that he can never dare to attack our own castle on the mountain of prosperity. We forget altogether the disastrous moral and economic condition in which we would find ourselves should this new fake religion spread nearer and nearer to our island of freedom.

Communism, to most of us, is something foreign, imported, not wanted in this country. This is exactly the way it looked to us in Czechoslovakia fifteen years ago; and while we were - and you are - softening in this comfortable belief in our invulnerability, the invisible army of creeping communism is invading the minds of many free men here and abroad. This greatest enemy of America must be stopped first - and now. To fight it, we have to show it to our citizens in all its ugliness, and to oppose it, not only by sophisticated editorials read and understood by ten percent of all the population, but by down-to-earth simplified explanation and enlightenment, starting in our primary schools. We cannot get free people fervently united behind the negative purpose of "fighting Russia when she moves", but have to develop an unshakeable faith in the positive purpose of our endeavor. Only then will we grow strong and unified to check with religious fanaticism the aggression of this fake religion of hatred, betrayal, demagoguery, and subjugation of man's free mind to the ruthless will of a few uncontrolled executives of an almighty communist state.

-38-

This psychological war must be fought on two fronts - at home and abroad. We have initiated, since 1947, a good program on our home front. Some governmental and private organizations are explaining very well to our people why our system made America strong and why it must prevail. We are world champions in publicity, and I have no doubt that if our leaders realize in time who is our real enemy they will know how to fight him better than I could ever suggest.

My concern lies abroad. Our friends in the free world and the oppressed nations behind the iron curtain are weakened by wars, and are just as susceptible to the intoxication of minds as we are to confusion. We love our democracy, but we hate the idea of doing something to keep it. All we try to do with it from time to time is to export it, unchanged, to other parts of the world, to people different than we are, and then wonder why they do not accept it as readily as we had anticipated.

Masters in public relations and advertising, such as we are, we do not realize that besides simplified democratic slogans of general acceptance, we have to use a custom tailored approach to all other nations individually. Yes, these small things can mean a lot in this psychological fight for preservation. But what happened so far?

<sup>wanted</sup>  
We ~~want~~ to prevent the Chinese peasant from going communist by demonstrating to him the advantages of our system on televisions and washing machines. All he <sup>wanted was</sup> ~~want~~ an assurance that he will get his daily pot of rice, for which he certainly does not need a washing

-39-

machine. Communists promised to him, and gave to him, this daily bread and added to it <sup>in places</sup> even a few acres of land - the television of his dreams. Then the alert communists turn our own publicity against us by telling the Chinese: "You see what we told you? Everything about American exploitation is true. They have accumulated all this luxury from your sweat and tears, and if you only follow us all these treasures will be available to you."

We proclaim a CRUSADE against the Czech communists. A wonderful word, you would say. But we forget that the Czechs, in the fifteenth century, have beaten over and over again Crusaders from all over Europe, and that this word alone enables the Communist regime to ridicule our efforts among a large part of the population.

We attack Stalin over the air on personal charges, trying to separate him from the people. These challenges mean, however, very little - if not the contrary - to the primitive and authority loving Russian population. For them, this modestly living man represents the successor of the deified czars, one who won the Patriotic War and has surrounded Russia with a protective belt of obedient nations who will, and are, defending them against aggression.

We are pouring billions of dollars to the free world. The greatest share of our charity, however, goes into the hands of people who are, and have to be, our friends anyway, since their wealth stands and falls with our system. Yet, we do little or nothing to ameliorate

-40-

the material conditions of the majority of these nations; their standard of living remains low, which leaves an open door to further communist infiltration and to charges that all ECA products come over from American imperialists anxious to prevent depression at home and to start a new war, of which Western Europe will again become the battlefield.

We love to read sensational news about daring escapes from behind the iron curtain, because these people, we think, are proving to the world how communism is hated in their homelands. Yet, in spite of the billions of dollars spent abroad, we <sup>frequently</sup> forget these escapees the moment they cross the border. We let them <sup>live</sup> ~~live~~ for years in poorly organized camps, hot beds of demoralization. Their frustration and despair has driven many of them back across the border with funny ideas about the working of our democracy, and to the best advantage of communist propaganda machinery.

We want the friendship of French engineers, who are just as proud of their achievements as are ours. How do we go about it? We send groups of our engineers and experts to France. So far, so good - but by the same token we swamp the press with releases about the "American know-how" coming over to show them (stupid) how to do things correctly. The same applies to British textile experts and many others. Instead of tactfully calling it "exchange of experience" we must insist on our superiority and provoke undue resentment.

-41-

To fight our greatest enemy, World communism, we have to use better tactics. For this fight, dollars and arms are not enough. What we need is an apotheosis of democracy, a democracy based not only on Jeffersonian principles, but tactfully explained, acceptable, understood and fanatically professed by all nations of the free world - a democracy tactfully presented to each nation in a carefully prepared way. We have to base our approach on individual research of their present and historical development, their different ways of thinking and reacting. Methods proven excellent at home may work well in one foreign country, but can defeat our purposes in others. Perhaps our closer cooperation with resident experts from these nations would be a good way of checking these individual reactions, which are so vital for us to discover. And here again we should not use experts burdened by a zig-zag political career, or stubborn defenders of unchangeable "good old times". We must select those who know how to appreciate the present problems and the psychological changes accrued in those nations due to the war and recent political developments.

Our sacred goal must be to get all our friends behind the basic morals of democracy, behind slogans which will be understood and fought for by entire peoples of the free world. What we lack - but desperately need - is the enthusiasm of the masses and their belief that when asking for a free world, for a free Europe including Czechoslovakia, Hungary, and other oppressed nations, they are fighting for principles imperative for their own preservation.